

Engineer's Report
FOR THE
RENEWAL
OF THE
WESTCHESTER TOWN CENTER
PROPERTY BUSINESS IMPROVEMENT
DISTRICT

*Prepared April 2011 pursuant to the State of California
Property and Business Improvement District Law of 1994
to adopt a Management District in the Westchester Town Center area, a community
within the
City of Los Angeles*

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ENGINEER'S REPORT

Introduction

This report shall serve as the “detailed engineer’s report” required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the benefit assessments proposed to be levied annually beginning in January 2012 and through and including December 2021 within the Westchester Town Center Property Business Improvement District (the “District”). The assessments levied in connection with the District will be levied against parcels of real property, not businesses. Assessments will be collected on the tax roll so, for example, the assessment to fund calendar year 2012 operations will be collected on the 2011-12 tax roll.

Background

The District is a property-based assessment district established pursuant to the Property and Business Improvement District Law of 1994 (Streets & Highways Code Section 36600 *et seq.*; hereinafter “State Law”). The State Law authorizes an assessment to fund various services, activities, improvements, and programs (referred to herein collectively as “Services”), provided in connection with a Business Improvement District. The costs of these Services are distributed among all parcels benefiting from the Services based on the proportional benefit each receives from the improvements provided. Only those properties expected to benefit from funded Services may be assessed.

This Engineer’s Report was prepared in support of the Management District Plan for the District. Reference is made to the Management District Plan (which is incorporated herein by reference) for a more complete description of the improvements to be funded with the proposed assessment.

Proposition 218 Requirements

Article XIID of the California Constitution, approved by the voters in 1996 as Proposition 218, requires that assessment methodologies meet certain requirements. Key provisions of Proposition 218 together with a description of how the District complies with each are described below.

Finding 1: “Identify all parcels which have a special benefit conferred upon them and upon which an assessment will be imposed” (From Section 4(a)).

There are 129 identified parcels within the District that will specially and individually benefit from its proposed Services. These parcels are shown on the boundary map of the District contained within the Management District Plan, and listed in an attachment to the Management District Plan and this Engineer’s Report. This list identifies these parcels by Assessor’s Parcel Number, property owner name, and site address.

Parcels were identified for inclusion based upon their location. The purpose of the proposed District is to provide Services to parcels in the Westchester Town Center commercial area, located along Sepulveda Boulevard between just south of 92nd Street and just north of Manchester Avenue. Like many commercial areas in Los Angeles, the Westchester Town Center is a narrow strip, which is approximately one to two blocks deep on each side of Sepulveda Boulevard and substantially surrounded by residential neighborhoods. Consequently, all commercial parcels located within two blocks of Sepulveda Boulevard along with airport parcels facing the commercial district were included in the District, while the surrounding residential neighborhoods were not. Parcels zoned solely for residential use are excluded from the District or not assessed because, pursuant to Section 36632(c) of the Law, they are deemed not to benefit from District improvements, activities, and services.

In order to ensure that parcels outside of the District will not specially benefit from the Services funded with the assessment, Services will only be provided within the boundaries of the District. Specifically, ambassador patrols, landscaping staff, maintenance / sanitation personnel, and similar service providers employed in connection with the District will only patrol and provide services on the streets and sidewalks within the District and will not provide services outside of District boundaries. Similarly, the District will not fund new landscaping, street furniture or streetscape improvements outside of the boundaries of the District, nor will District promotional efforts promote activities outside of District boundaries. All District programs are intended to promote commercial vitality, and to attract and retain new business within the District.

Parcels outside of the District that are in residential use will not specially benefit from District Services because the Services will not be provided on the street or sidewalk fronting such parcels. Therefore, these residential parcels will be physically remote from the Services — patrols will not go in front of such parcels and maintenance / sanitation crews will not clean in front of such parcels. Furthermore, homes, apartments and other structures solely used as residences, and outside of the commercial area encompassed by the District, will not specially benefit from the marketing and policy-making services that will be geared towards the commercial use parcels within the District. These services will be marketing the office, retail, and multifamily residential opportunities in the District, not the residential opportunities outside of it. Additionally, the State Law conclusively presumes that parcels zoned solely for residential use receive no special benefit from programs and services funded under it.

Parcels outside of the District that are in commercial, community service, or parkway landscape use will not specially benefit from District Services because Services will not be provided on the street or sidewalk fronting such parcels. Therefore, these commercial, community service, or parkway landscape parcels will be physically remote from the services — patrols will not go in front of such parcels and maintenance / sanitation crews will not clean in front of such parcels. These commercial, community service, or parkway landscape parcels are best understood as parts of other commercial or residential Districts that surround the Westchester Town Center, not as part of this District.

Parcels outside of the District that are airport-related will not specially benefit from District Services because Services will not be provided on the street or sidewalk fronting such parcels. Therefore, these commercial and community service parcels will be physically remote from the services — patrols will not go in front of such parcels and maintenance / sanitation crews will not clean in front of such parcels. These airport-related parcels, principally fenced parking, industrial, and landscaping parcels, are best understood as part of the Los Angeles International Airport complex that extends far to the South of the District, and not as part of the District itself. The airport is a regional facility, with services that are geared towards the inter-regional movement of persons and cargo. The airport conducts extensive outreach and marketing independently of the Westchester Town Center. Moreover, District marketing and policy making services will provide no special benefits to these parcels because they will: (i) be geared towards the commercial use parcels within the District, (ii) attempt to create an identity for that District, and (iii) not directly promote the airport.

The following narrative explains how specific boundary locations were determined.

Northern Boundary:

- The northern boundary of the District to the east of Sepulveda Boulevard begins at the intersection of the centerline of Sepulveda Boulevard with the north boundary of parcel 4107-035-017 (the parcel at the northeast corner of Sepulveda Boulevard and Manchester Avenue). From that point, the boundary follows the northern boundaries of parcels 4107-035-017 and 4107-035-018 (which together contain a medical office building) and continues south along the eastern boundary of parcels 4107-035-018 and 4107-035-017 to the centerline of Manchester Avenue. The boundary then continues east along the centerline of Manchester Avenue to the centerline of La Tijera Boulevard. This boundary was selected to include the medical office building at the Northeast corner of Sepulveda Boulevard and Manchester Avenue as well as the commercial parcels on the South side of Manchester Avenue. Parcel 4107-035-018, is residentially zoned and is presumed by State Law to not specially benefit from District improvements, activities, and services, but is included within the District and not assessed because it is a part of the medical building development and not practically divisible from it. Except for service station located at the northwest corner of Manchester Avenue and La Tijera Boulevard at the eastern edge of this boundary parcels to the North of this boundary are all residential. The parcels comprising the service station were not included in the District because they are not a part of the pedestrian oriented shopping district and are best understood as drawing customers from the Manchester Avenue and La Tijera Boulevard arterials extending out from the District. An R2 zoned church is located on the northeast corner of Manchester Avenue and La Tijera Boulevard is likewise not a part of the pedestrian oriented shopping district; being across the street from the two arterial auto uses and immediately adjacent to residential uses. All assessed parcels located within the District will specially and individually benefit from its

improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

- The northern boundary of the District to the west of Sepulveda Boulevard begins at the intersection of the centerline of Sepulveda Boulevard and the north boundary of parcel 4108-019-029. . From that point the boundary extends west to the western boundary of parcel 4108-019-029 and then south along the western boundary of that parcel to the centerline of Manchester Avenue. The boundary then continues east along the center line of Manchester Avenue to centerline of Sepulveda Westway. This boundary was selected to include commercial uses located at the northwest corner of Sepulveda Boulevard and Manchester Avenue as wells as the commercial parcels on the South side of Manchester Avenue. Parcels to the North of this boundary are all in residential use and zoned solely residential and are presumed by State Law to not specially benefit from District improvements, activities, and programs.and are therefore not included in the District. All assessed parcels located within the District will specially and individually benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

Eastern Boundary:

- The eastern boundary of the District begins at the intersection of the centerlines of Manchester Avenue and La Tijera Boulevard, extends southwest along the centerline of La Tijera Boulevard to its intersection with the northeast boundary of parcel 4123-006-025, then continues southeast along that parcel boundary, then generally south along the east boundary of that same parcel, then along the east boundary of parcel 4123-006-012, then along the east boundary of parcel 4123-006-026, then to the centerline of Westchester Parkway, then east along that centerline to its point of intersection with the east boundary of parcel 4124-002-916, then south along the eastern boundary of parcel 4124-002-916 to that parcel's southern boundary. This boundary was selected to include the commercial uses on the west side of La Tijera Boulevard, as well as the commercial, multifamily housing, and community uses on the east side of Sepulveda Eastway directly facing the core of the District. North of Westchester Parkway, the parcels to the East of this boundary (aside from an office building located on the South side of La Tijera Boulevard immediately north of Bleriot Avenue) are single family homes on parcels zoned solely for residential use. Such parcels are presumed by State Law to not specially benefit from District improvements, activities, and programs.and are therefore not included in the District. The office building on La Tijera Boulevard immediately north of Bleriot Avenue (parcel was excluded because it is closely associated with (and shares vehicular access and parking lots with) the vehicular-oriented uses along Manchester Avenue outside of the District. By contrast, the parcels along the east side of Sepulveda Eastway directly face the retail and parking at the core of the District. South of Westchester Parkway, the parcels to the east of the District's boundaries are surface airport

parking lots that do not face any area where services will be provided by the District. All assessed parcels located within the District will specially and individually benefit from its improvements, activities, and services of the District. No improvements, activities, or services will be provided outside of the District's boundaries.

Southern Boundary:

- The southern boundary of the District runs from the southeast corner of parcel 4124-002-916 west along the southern boundary of that parcel and extends west along the south boundaries of parcels 4122-024-918 and 4122-023-917 to the centerline of Westchester Parkway at its point of intersection with the centerline of McConnell Avenue. This boundary was chosen to include parcels 4124-002-916 and 4122-023-917 (both of which are fenced vacant parcels that are owned by the airport and front against areas that will be maintained and patrolled by the District) and parcels 4122-024-918 (a public park that faces the core of the District and is heavily used by persons in the District). Parcels to the south of these boundaries are airport parcels that do not face any area where services will be provided by the District. All assessed parcels located within the District will specially and individually benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

Western Boundary:

The western boundary of the District continues at the intersection of the centerlines of McConnell Avenue and Westchester Parkway and continues along the centerline of Westchester Parkway northeast to the intersection with the centerline of La Tijera Boulevard, then continues northeast along that centerline to the point of intersection with the centerline of Sepulveda Westway, then north along the centerline of Sepulveda Westway to its point of intersection with the centerline of Manchester Avenue.. This boundary was selected to include the commercial parcels to the east of Sepulveda Westway, as well as parcel 4122-022-928 (a fenced vacant parcels that is owned by the airport and fronts against an areas that will be maintained and patrolled by the District). Parcel 4122-022-928, like parcel 4122-023-917 to the south, are master planned for development as a mixed use commercial business park and are contiguous with the Westchester Town Center pedestrian oriented commercial area. South of 88th Street, parcels west of the boundary are airport parcels that do not face any area where services will be provided by the District, are not planned for pedestrian-oriented use, and are separated from the District's core by large undeveloped lots. North of 88th Street, parcels west of the boundary are residential parcels that are zoned solely for residential use and therefore presumed by State Law to not benefit from District improvements, activities, and programs and therefore excluded from the District. All assessed parcels located within the District will specially and individually benefit from the improvements, activities, and services of the District. No improvements, activities, or services will be provided outside of the District's boundaries.

Northern Boundary:—

- The northern boundary of the District to the east of Sepulveda Boulevard begins at the point of intersection of the centerline of Sepulveda Boulevard and the north boundary of parcel 4107-035-017 the first parcel north of the intersection of Sepulveda Boulevard and Manchester Avenue, which is parcel. From that point, the boundary extends east along that parcel boundary, then east along the north boundary of parcel 4107-035-018, then southeast along the boundary of that parcel, then south along the eastern boundaries of both of those parcels to the centerline of Manchester Avenue, then east along the centerline of Manchester Avenue to the centerline of La Tijera Boulevard. It includes the medical office building on the north side of Manchester Avenue and the commercially zoned parcels fronting on the South side of Manchester Avenue. It also includes a small residentially zoned parcel 4107-035-018 that is presumed by State Law to not specially benefit from District improvements, activities, and services, yet is included within the District and not assessed because it is a part of the medical building development and not practically divisible from it. This boundary was selected to include the commercially zoned properties located within the Sepulveda Boulevard commercial corridor that function as a pedestrian oriented shopping district, and to exclude all residential parcels to the north. A service station is located on 2 parcels at the northwest corner of Manchester Avenue and La Tijera Boulevard (i.e. outside the District) is not a part of the pedestrian oriented shopping district and is best understood as an arterial, auto-related use. An R2 zoned church use is located on the northeast corner of Manchester Avenue and La Tijera Boulevard is not a part of the pedestrian oriented shopping district; is presumed by State Law to not specially benefit from District improvements, activities, and services; and, is best understood as a part of the surrounding residential community. All other parcels located north of the District boundary (i.e. outside of the District) are developed with single-family residences and zoned solely residential, which are presumed by State Law to not specially benefit from District improvements, activities and services and are therefore excluded from the District. All assessed parcels located within the District will specially and individually benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.
- The northern boundary of the District to the west of Sepulveda Boulevard begins at the point of intersection of the centerline of Sepulveda Boulevard and the north boundary of the second parcel north of the intersection of Sepulveda Boulevard and Manchester Avenue, which is parcel 4108-019-029. From that point the boundary extends west along that parcel boundary then south along the west boundary of that parcel to the centerline of Manchester Avenue, then east along the center line of Manchester Avenue to centerline of Sepulveda Westway. It includes the commercially zoned restaurant and auto service use parcels 4108-019-028 and 029 and the commercially zoned parcels fronting on the south side of Manchester Avenue. This boundary was selected to include the commercially zoned properties located within the Sepulveda Boulevard commercial corridor that function as a pedestrian oriented shopping district, and to exclude all

residential parcels to the north and west. Parcels to the north and west of the District boundary (i.e. outside the District) are zoned solely residential and presumed by State Law to not specially benefit from District improvements, activities, and programs and are therefore not included in the District. All assessed parcels located within the District will specially and individually benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.—

Eastern Boundary:

- The eastern boundary of the District continues at the point of intersection of the centerlines of Manchester Avenue and La Tijera Boulevard, extends southwest along the centerline of La Tijera Boulevard to its point of intersection with the northeast boundary of parcel 4123-006-025, then continues southeast along that parcel boundary, then generally south along the east boundary of that same parcel, then along the east boundary of parcel 4123-006-012, then along the east boundary of parcel 4123-006-026, then to the centerline of Westchester Parkway, then east along that centerline to its point of intersection with the east boundary of parcel 4124-002-916, then along the south boundary of that same parcel, then west along the south boundary of that same parcel to the centerline of Sepulveda Eastway, then west along that centerline to its point of intersection with the centerline of Sepulveda Boulevard. Parcels located east of the intersection of the centerlines of Manchester Avenue and La Tijera Boulevard (i.e. outside the District) are commercially zoned but not a part of the pedestrian-oriented district and are best understood as arterial oriented uses. The District includes the R-4 zoned parcel 4123-006-025, a church / charter school, the R-4 zoned parcel 4123-006-012, an apartment building, the R-4 zoned parcel 4123-006-026, a fraternal recreational club, the LAM2 zoned parcel 4124-002-001, an office building located at the southeast corner of Sepulveda Eastway and Westchester Parkway, and parcel 4124-002-916, an airport parking parcel because these parcels benefit from the ambassador, homeless services coordination, maintenance, beautification, marketing and promotions, new business attraction, and policy development and management services provided by the District. This boundary was selected to include the commercially zoned parcels that function as a pedestrian oriented shopping district to the west. Parcels located east and southeast of the District boundary are single-family residentially zoned homes, zoned solely residential, presumed by State Law to not specially benefit from District improvements, activities, and programs, and therefore excluded from the District; or, are non-contiguous airport use parcels that do not benefit from District improvements, activities, and programs, and are therefore not included within the District. All assessed parcels located within the District will specially and individually benefit from its improvements, activities, and services of the District. No improvements, activities, or services will be provided outside of the District's boundaries.—

Southern Boundary:

- The southern boundary of the District continues from the point of intersection of the centerlines of Sepulveda Eastway and Sepulveda Boulevard and extends west along the south boundaries of parcels 4122-024-918 and 4122-023-917 to the centerline of Westchester Parkway at its point of intersection with the centerline of Lincoln Boulevard. Parcel 4122-024-918 is a developed park site fronting 92nd Street that attracts visitors to the District and is therefore included within it. Parcel 4122-023-917 is vacant airport land that has frontage along Sepulveda Westway and is therefore included in the District for services to that frontage. This boundary was selected to include the commercially zoned parcels to the north that function as a pedestrian-oriented shopping district. All assessed parcels located within the District will specially and individually benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.—

Western Boundary:

- The western boundary of the District continues at the point of intersection of the centerlines of Lincoln Boulevard and Westchester Parkway along the centerline of Westchester Parkway northeast to its point of intersection with the centerline of La Tijera Boulevard, then northeast along that centerline to its point of intersection with the centerline of Sepulveda Westway, including parcel 4122-022-928, then north along the centerline of Sepulveda Westway to its point of intersection with the centerline of Manchester Avenue at which point it intersects the northern boundary of the District. This boundary was selected to include all commercially zoned parcels to the east that function as a pedestrian-oriented shopping district, and to include the fenced airport-related parcels 4122-022-928 and 4122-023-917 located further west that share common street frontage with existing District streets and will receive District services on this frontage. These airport-related parcels are master planned for development as a mixed-use commercial business park and are contiguous with the Westchester Town Center pedestrian-oriented commercial area. Parcels beyond the boundary are airport-related parcels but are not presently contiguous to the Westchester Town Center pedestrian-oriented commercial area and therefore have not been included within the District boundary. The western boundary of the District along the centerline of Sepulveda Westway north of 88th Street was selected to include all commercially zoned properties located within the pedestrian-oriented shopping district, and exclude all properties zoned solely residential by the City of Los Angeles that are presumed by State Law to not benefit from District improvements, activities, and programs and therefore excluded from it. (APN 4122-002-002 through 003, 008, 014, 017 through 018, 020 through 022, 024 through 027; and APN 4122-003-015 through 016). All assessed parcels located within the District will specially and individually benefit from the improvements, activities, and services of the District. No improvements,

~~activities, or services will be provided outside of the District's boundaries.~~

Finding 2: "Separate the general benefits from the special benefits conferred on parcel(s). Only special benefits are assessable." (From Section 4(a)).

Proposition 218 defines "special benefit" to "mean a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large. General enhancement of property value does not constitute 'special benefit.'" The Services of the District are designed to provide targeted benefits to specific parcels. These services are tailored to confer special benefits on particular parcels, not the general public. For example, the proposed ambassador program is targeted to focus on services of interest to commercial property-owners and their tenants (aiding pedestrians seeking directions to business locations, watching out for conditions endangering the security and safety of businesses and their customers). Similarly, the proposed maintenance program is focused on sidewalk cleaning, trash removal, graffiti removal, and cleaning at the properties that are assessed. Marketing and promotions efforts of the District are targeted to increase economic activity within the assessment area. No District services will be provided outside the District boundaries.

The proposed District Services provide, at most, *de minimus* general benefits (benefit to properties in the surrounding community, to the public, or to persons and property generally). The District funds services over and above those already provided by the City within the boundaries of the District. These services are provided only to the properties within the District, not to the public at large. General benefits, if any, to the surrounding community and the public in general are *de minimus*, intangible and unquantifiable.

The improvements and activities (ambassador, maintenance, cleaning, beautification, marketing, promotions, etc) to be provided by the District are designed to meet specific needs of the property owners to improve business within the District area and provide special and individual benefits to each property. Improving the business environment supports the goals and objectives established by the property owners in creating the District. The City of Los Angeles will continue to provide police protection, maintenance services, and social services within the District area to the extent that the City provides these services elsewhere throughout the community.

No parcels zoned for solely residential use have been assessed within the District.

Finding 3: "[Determine] the proportionate special benefit derived by each parcel in relationship to the entirety of the... cost of public improvement(s) or the maintenance and operation expenses...or the cost of the property related service being provided." (From Section 4(a)).

Parcels in the District will benefit from the Services provided in connection with the District because these Services are designed to increase pedestrian and automobile traffic and building occupancies thereby increasing demand for and utilization of retail and

commercial property within the District. The services are intended to transform the District into a safe, vibrant, extended-hour community.

Three factors (lot size, improvement size, and street frontage) were chosen to calculate the special benefit allocable to each parcel in the District.

Lot size is a measurement both of the potential for future development on a parcel to meet customer and tenant demand, and of the present capacity of the parcel's street level areas to accommodate customers and tenants. Street level space benefits strongly from business improvement district services and improvements because such space is more readily used for retail space, lobby services, and surface parking facilities that are especially sensitive to increases in customer demand.

The size of the improvements on a parcel is a measurement of the capacity of that parcel to currently serve the demand of customers and of retail, commercial and residential tenants.

Frontage is a vital measure because it indicates the amount of the parcel that is directly accessible to and visible from the street. The more frontage a parcel has, the larger the area of sidewalk is in front of the parcel to be patrolled and cleaned in connection with District services.

Sepulveda Boulevard is the pedestrian hub of the area, so a parcel with frontage on this street derives a higher level of benefit than does a parcel with similar frontage on another street in the District. Simply put, Sepulveda Boulevard is more heavily trafficked by pedestrians and other traffic than other streets in the District, and can be expected to require more attention from ambassadors, sanitation, and maintenance staff in order to maintain consistent conditions throughout the District. Furthermore, a higher density of improvements and amenities can be expected to be installed and maintained along Sepulveda. While all properties throughout the District (except as specified later in this Section) can be expected to benefit from all activities throughout the District, clearly parcels that front directly on the locus of District activities will derive greater benefit due by virtue of proximity. Furthermore, as a general matter, parcels located along Sepulveda are generally tenanted by businesses that depend on visibility (and signage facing Sepulveda) to attract customers. Such businesses, as compared smaller, less prominent businesses that attract customers largely by word of mouth, benefit more intensely from being located in a clean, safe, attractive, well-managed neighborhood that is inviting to new customers.

Because District services (ie maintenance and patrols) will not be provided on Lincoln Boulevard or west of Sepulveda Westway, no street frontage located on Lincoln Boulevard or west of Sepulveda Westway (aside from that actually located on Sepulveda Westway) will be counted as frontage for the purpose of determining benefit.

Combining these three factors gives a far better picture of the benefits than could be derived from just one or two of the factors. Because no one of these factors is more important than the others, and each factor is critical to the overall benefit calculation,

each factor is weighted equally in quantifying the benefits any particular parcel would receive.

~~Three~~ Four types of parcels require special analysis in order to avoid overstating the benefits they receive.

Parcels accessible from the District and used exclusively for *Long Term Airport Parking* will be assigned benefits based solely on parcel square footage and street frontage. This recognizes: (i) that long term airport parking is a uniquely low density use (i.e. very few customers are on-site at any one-time despite the very large size of the parking structure improvement); and, (ii) that long-term airport parking is a not ancillary to other land uses in the District (i.e. customers of a long-term airport parking business are typically shuttled directly between their cars and airport locations outside of the District).

Fenced Vacant Lots will be assigned benefit assessed only on the basis of street frontage. For purposes of this paragraph, a “fenced vacant lot” is a parcel meeting all of the following criteria: (i) the parcel has no permanent improvement square footage and (ii) the parcel is fenced from public access from within the District. This recognizes that fenced vacant lots, which typically are entirely unused or used solely for storage or parking purposes: (i) are uniquely low density uses; and (ii) do not benefit from the ability of the commercial area to attract customers or from marketing & promotion and new business attraction services; but , (iii) do benefit from the direct delivery of maintenance, sanitation and ambassador/patrol services along their perimeter.

Multifamily Residential parcels will be assigned benefits on the same basis as other parcels with respect to street frontage and parcel square footage, but at one-half the normal amount for improvement square footage. This recognizes that while apartment buildings are a commercial venture designed to attract tenants, apartment improvements are less intensively used than other improvements and are not used by residential tenants to serve customers.

Parcels used as parks or green space, that are open to the public during (at a minimum) all daytime hours at no charge will be assigned benefit at a rate that is 81% of the rate that would otherwise be assessed. This assessment reflects that such parcels are themselves amenities that draw people to the District, and do not benefit from business promotion activities. Therefore, they are not benefitting from the 19% of the District’s budget that is allocated to marketing & promotion or new business attraction services.

The Special Benefit & Assessment Analysis section of this Report discusses the exact formula used to calculate the benefits.

Finding 4: “No assessment ...shall exceed the reasonable cost of the proportional special benefit conferred on parcel(s).” (From Section 4(a)).

The total amount to be assessed will not exceed the estimated reasonable cost of the program. Because each parcel will be assessed in proportion to its share of the total

benefit created by the program, no assessment will exceed the reasonable cost of the proportional special benefit conferred on the parcel.

Finding 5: “Parcels...that are owned or used by any (public) agency shall not be exempt from assessment.” (From Section 4(a)).

All parcels owned by public agencies will be assessed at the same rate as private parcels of the same size, location and use. This includes the parcels in the District that are owned by the City of Los Angeles. The methodology for these assessments is set forth in Finding 4.

The publicly-owned parcels in the District are listed below:

CITY of LOS ANGELES PARCELS
(LOS ANGELES WORLD AIRPORTS)

	APN #	Address	Owner	Total PBID Assessment	%
1	4122-022-928	N/A per Assessor Data	LA City	\$3,296.26	1.09%
2	4122-023-917	N/A per Assessor Data	LA City	\$1,568.75	0.052
3	4122-024-918	N/A per Assessor Data	LA City	\$4,273.63	1.41%
4	4124-002-916	N/A per Assessor Data	LA City	\$1,867.38	0.62%
		City of Los Angeles (3.64% of total assessments)	Sub Total	\$11,006.02	

Each of the publicly owned parcels is either a “fenced vacant lot parcel” or a “park”. Like any fenced vacant lot parcel, the publicly-owned fenced vacant lot parcels are assessed solely on the basis of frontage. This assessment reflects, among other things, that “fenced vacant lot parcels” do not benefit from marketing & promotion or new business attraction services. Park parcels are, as noted earlier in this plan, are assessed at a rate that reflects that such parcels do not benefit from marketing & promotion or new business attraction services.

~~Each of the publicly owned parcels is a “fenced vacant lot parcel”. Like all fenced vacant lot parcels, these parcels are assessed solely on the basis of frontage. This assessment reflects, among other things, that “fenced vacant lot parcels” do not benefit from marketing & promotion or new business attraction services.~~

Finding 6: “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California.” (From Section 4(b)).

This report is the “detailed engineer’s report” to support the assessments proposed to be levied within the Westchester Business Improvement District.

Special Benefit & Assessment Analysis

A six (6)-step process for determining Westchester Town Center assessments has been used as delineated below.

Step 1: Select “benefit units.”

Because the assessment against each parcel must reflect the special benefit that parcel derives from the District's programs and activities, the first step in designing an assessment methodology was to assign "benefit units" to different attributes of parcels. The assignment of benefit units reflects the relative levels of benefit discussed in "Finding 3", above. Thus, for example, because it has been determined that a linear foot of street frontage on Sepulveda Boulevard will derive twice as much street frontage benefit as a linear foot of frontage on any other street in the District.

There are three types of benefit units:

A. Lot Benefit Units:

Each parcel fronting on Sepulveda Boulevard was allocated one Lot Benefit Unit for each square foot of the parcel's surface area. All other parcels ~~Each parcel fronting on any other street located in the District was~~ allocated .5 Lot Benefit Unit for each square foot of the parcel's surface area. No Lot Benefit Units are assigned for Fenced Vacant Lots.

B. Building Benefit Units:

Each parcel fronting on Sepulveda Boulevard was allocated one Building Benefit Unit for each square foot of improvements. All other parcels were ~~Each parcel fronting on any other street located in the District was~~ allocated .5 Building Benefit Units for each square foot of improvements. Multifamily Residential Parcels ~~are~~ were assigned one-half of the Building Benefit Units that would otherwise be assigned. No Building Benefit Units are assigned for Long-Term Airport Parking Parcels or Fenced Vacant Lots.

C. Frontage Benefit Units:

Each parcel ~~fronting on Sepulveda Boulevard~~ was allocated one Frontage Benefit Unit for each linear foot of the parcel's frontage on Sepulveda Boulevard and. ~~Each parcel fronting on any other street located in the District was allocated~~.5 Frontage Benefit Units for each linear foot of the parcel's frontage on any other street located in the District. No Frontage Benefit Units were assigned for street frontage located on Lincoln Boulevard or west of Sepulveda Westway (aside street frontage actually located on Sepulveda Westway)

Park & green space parcels were allocated 81% of the benefit units that would otherwise be assigned pursuant to paragraphs A, B, and C, above

Step 2: Calculate the benefit units for each property.

The number of each type of benefit unit allocated to each identified benefiting parcel within the Westchester Town Center was determined from data obtained from the County of Los Angeles and third party real estate data service providers. These data sources provide Assessor Parcel Numbers, ownership, address, parcel size, gross building size, street front footage, and other needed information. This data provides a basis for calculating property-based assessments. All relevant data being used in assessment calculations has been provided, or attempted to be provided, to each property owner in the District for their review. All known or reported discrepancies or errors have been corrected.

Step 3: Quantify total basic benefit units.

In aggregate, there are 1,647,995 Lot Benefit Units; 1,120,144 Building Benefit Units; 13,323 Frontage Benefit Units.

Step 4: Calculate “Basic Benefit Unit Cost” for special benefits.

The annualized cost of the services and improvements to be provided by the District during 2012 is \$302,175 per year (before inflation adjustments). \$100,724.90 of these costs will be allocated based on Lot Benefit Units; \$100,724.90 based on Building Benefit Units; and \$100,724.90 based on Frontage Benefit Units.

The cost per benefit unit is therefore as follows:

A. Lot Benefit Units:

$$\$100,724.90 / 1,647,995 = \$0.0611 \text{ per Lot Benefit Unit}$$

B. Building Benefit Units:

$$\$100,724.90 / 1,120,144 = \$0.0899 \text{ per Building Benefit Unit}$$

C. Frontage Benefit Units:

$$\$100,724.90 / 13,323 = \$7.5602 \text{ per Frontage Benefit Unit}$$

Step 5: Determine Assessment Formula.

Combining the calculations from Steps 1 and 4, the assessment formula is therefore:

District assessment formula (for most parcels) = (\$0.0611 X square feet of parcel size on Sepulveda Boulevard) + (\$0.0899 X square feet of improvements on Sepulveda Boulevard) + (\$7.5602 X linear feet of frontage on Sepulveda Boulevard) + (\$0.306 X

square feet of parcel size on any other street) + (\$0.0450 X square feet of improvements on any other street) + (\$3.7801 X linear feet of frontage on any other street).

➤➤➤ District assessment formula (for Multifamily Residential Parcels) = (\$0.0611 X square feet of parcel size on Sepulveda Boulevard) + (\$0.0450 X square feet of improvements on Sepulveda Boulevard) + (\$7.5602 X linear feet of frontage on Sepulveda Boulevard) + (\$0.0306 X square feet of parcel size on any other street) + (\$0.0225 X square feet of improvements on any other street) + (\$3.7801 X linear feet of frontage on any other street).

District assessment formula (for Long Term Airport Parking Parcels) = (\$0.0611 X square feet of parcel size on Sepulveda Boulevard) + (\$7.5602 X linear feet of frontage on Sepulveda Boulevard) + (\$0.0306 X square feet of parcel size on any other street) + (\$3.7801 X linear feet of frontage on any other street).

District assessment formula (for Fenced Vacant Lots) = (\$7.5602 X linear feet of frontage on Sepulveda Boulevard) + (\$3.7801 X linear feet of frontage on any other street).

District assessment formula (for Park and Open Space Parcels) = .81 X assessment as calculated under general formula.

Step 6. Spread the Assessments

The resultant assessment spread calculations for each parcel within the District are shown in an attachment to the Management District Plan and were determined by applying the District assessment formula to each benefiting property. This list of all identified benefiting parcels in the District area delineates each parcel and benefit units for parcel area and linear street frontage along Sepulveda Boulevard and benefit units for parcel area, gross building area, and linear street frontage along Sepulveda Boulevard and other streets.

During the ten-year effectiveness of the District, it is likely that some parcels within the District will be developed with additional commercial improvements or will see the demolition of existing improvements. The assessment against such parcels shall be recalculated beginning with the assessment for the first year following the construction or demolition of improvements. The new assessment against such a parcel shall be calculated pursuant to the formula set forth in Step 5 on Page ER-10. Pursuant to Government Code Section 53750(h)(3), such recalculation does not constitute an “increase” of assessment that requires the conduct of a new Proposition 218 ballot proceeding. Such a proceeding will be required if the assessment formula is itself changed.

Assessment rates will be adjusted annually to reflect changes in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.

Engineer's Certification

Review of this Management District Plan and preparation of the Engineers Report was completed by:

Robert Merrell, P. E.
State of California
Registered Civil Engineer No. 28100

INSERT ASSESSMENT CHART